

AUDIT REPORT
AND
SUPPLEMENTAL DATA FOR
HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA

JUNE 30, 2013

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HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Housing Authority of the City of Commerce
Commerce, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Commerce, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Commerce, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Housing Authority of the City of Commerce has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34. However the Authority has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Commerce's basic financial statements. The accompanying Financial Data Schedule and Other Supplementary Information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Housing Authority of the City of Commerce.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2014, on our consideration of the Housing Authority of the City of Commerce's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in compliance with *Government Auditing Standards* in considering Housing Authority of the City of Commerce's internal control over financial reporting and compliance.

Kershaw CPA & Associates, P.C.
Kershaw CPA & Associates, PC

March 13, 2014

HOUSING AUTHORITY OF THE CITY OF COMMERCE
 COMMERCE, OKLAHOMA
 STATEMENT OF NET POSITION
 JUNE 30, 2013

	2013
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash - Unrestricted	\$ 87,424
Cash - Tenant Security Deposits	3,825
Accounts Receivable:	
Tenants, Net of Allowance for Doubtful Accounts	55
HUD	5,346
Prepaid Expenses	3,911
Inventory, Net of Allowance for Obsolete	876
Other Receivables	210
Total Current Assets	101,647
<u>Noncurrent Assets:</u>	
Capital Assets, Net of Depreciation	378,607
Total Noncurrent Assets	378,607
TOTAL ASSETS	\$ 480,255
<u>LIABILITIES & NET POSITION</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 2,508
Tenant Security Deposits	3,825
PILOT Liability	30,788
Accrued Employee Leave	-
Prepaid Tenant Rents	700
Employee Withholding	735
Total Current Liabilities	38,557
<u>Noncurrent Liabilities:</u>	
Accrued Compensated Absences - Long-Term	-
Total Noncurrent Liabilities	-
TOTAL LIABILITIES	38,557
<u>NET POSITION</u>	
Net investment in capital assets	378,607
Restricted for debt service	3,825
Unrestricted	59,265
TOTAL NET POSITION	441,698
TOTAL LIABILITIES AND NET POSITION	\$ 480,255

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN TOTAL NET POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013**

	2013
<u>OPERATING REVENUE:</u>	
Dwelling Rental	\$ 63,100
HUD Operating Subsidies	46,450
Capital Grants	37,142
Other Income	6,816
Total Operating Revenue	153,508
<u>OPERATING EXPENSES:</u>	
Administration	51,479
Tenant Services	-
Utilities	10,311
Ordinary Maintenance	39,815
Protective Services	-
Insurance	14,661
General	10,124
Extraordinary Maintenance	1,169
Other Expenses	-
Depreciation	40,205
Total Operating Expenses	167,763
NET OPERATING INCOME (LOSS)	(14,255)
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
Interest Income	108
Interest Expense	-
NET NON-OPERATING REVENUES (EXPENSES)	108
CHANGE IN NET POSITION	(14,147)
TOTAL NET POSITION, BEGINNING OF YEAR	455,845
PRIOR YEAR ADJUSTMENTS	-
TOTAL NET POSITION, END OF YEAR	\$ 441,698

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

HOUSING AUTHORITY OF THE CITY OF COMMERCE
 COMMERCE, OKLAHOMA
 STATEMENT OF CASH FLOWS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2013

	2013
<u>Cash Flows from Operating Activities:</u>	
Cash From Dwelling Rentals	\$ 68,783
Cash From HUD and Other Sources	90,409
Cash Payments for Laborers and Suppliers	(126,198)
Net Cash Provided (Used) by Operating Activities	32,993
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Additions to Capital Assets	(562)
Principal Payments on Long-Term Debt	-
Interest Paid On Long-Term Debt	-
Net Cash Provided (Used) by Capital & Related Financing Activities	(562)
<u>Cash Flows from Investing Activities:</u>	
(Increase)Decrease in Investments	-
Interest Income	108
Net Cash Provided (Used) by Investing Activities	108
Net Increase (Decrease) in Cash and Cash Equivalents	32,539
Cash & Cash Equivalents, Beginning of Year	58,709
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	\$ 91,249
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Net Operating Income (Loss)	\$ (14,255)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	40,205
(Increase)Decrease in Receivables	6,890
(Increase)Decrease in Prepaid Expenses	10,156
(Increase)Decrease in Inventory	(50)
Increase(Decrease) in Accounts Payable	(8,940)
Increase(Decrease) in Tenant Security Deposits	(1,547)
Increase(Decrease) in Prepaid Rents	(1,207)
Increase(Decrease) in Other Liabilities	1,741
Net Cash Provided (Used) by Operating Activities	\$ 32,993

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Housing Authority of the City of Commerce, Oklahoma is a non-profit governmental organization which was organized under the laws of the State of Oklahoma to provide housing for qualified individuals in accordance with the rules and regulations prescribed by HUD.

Reporting Entity - The PHA's financial statements include all of the Housing Authority's operations. The criteria for including organizations as component units within the PHA's reporting entity include whether:

1. The organization is legally separate (can be sued in their own name).
2. The PHA holds the corporate powers of the organization.
3. The PHA appoints a voting majority of the organizations board.
4. The organization has the potential to impose a financial benefit/burden on the PHA.
5. There is fiscal dependency by the organization on the PHA.

Based on these criteria, the PHA has no component units.

Basis of Accounting - The PHA uses fund accounting and all funds are of the proprietary fund type. Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on the statement of net assets. Proprietary fund net assets are segregated into Invested in Capital Assets, Net of Related Debt, Restricted for Debt Services and Unrestricted.

The financial statements of the Housing Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Housing Authority's reporting entity applies to all relevant *Governmental Accounting Standards Board (GASB)* pronouncements. Proprietary funds and similar component units apply to *Financial Accounting Standards Board (FASB)* pronouncements and *Accounting Principles Board (APB)* opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict *GASB* pronouncements, in which case, *GASB* prevails.

Basis of Presentation - The financial statements of the Housing Authority have been prepared using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred. The financial statements of this audit report were prepared using the following fund types:

Proprietary Fund Types:

Enterprise Funds - Enterprise funds are used to account for the acquisition, operation, and maintenance of the Housing Authority,

HOUSING AUTHORITY OF THE CITY OF COMMERCE
 COMMERCE, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

which are financed primarily by tenant rents. The Housing Authority used an enterprise fund to account for all of its operations.

Cash and Cash Equivalents - The Housing Authority's deposits with financial institutions are fully insured or collateralized by securities held by the Housing Authority or its agent in the Housing Authority's name. For purposes of the statement of cash flows, all investment instruments purchased with a maturity of three months or less are considered to be cash equivalents.

Capital Assets - Capital assets, which include, property, plant and equipment are reported in the financial statements. The Housing Authority capitalizes assets with an initial cost of \$25 and a useful life of more than one year. The assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and reported as construction in progress. Property, plant, and equipment of the Housing Authority is depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	7-15
Equipment and vehicles	5

Risk Management - Significant losses are covered by commercial insurance for all significant Authority operations.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Housing Authority's cash balance and investments consist of demand deposits and time deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The Housing Authority may invest funds in accordance with HUD guidelines as referenced by the Financial Management Handbook.

For purposes of the Statement of Cash Flows, the Housing Authority considers all highly liquid investments to be cash equivalents. All certificates of deposit, other time deposits and investments are considered cash equivalents.

HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Custodial Credit Risk

At June 30, 2013, the Authority held deposits of approximately \$91,249 at financial institutions. The Authority's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or collateralized with securities held by the Authority or by its agent in the Authority's name.

Investment Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Authority has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

HOUSING AUTHORITY OF THE CITY OF COMMERCE
 COMMERCE, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 3 - CAPITAL ASSETS

A summary of the capital asset activity is as follows:

	Balance at June 30, 2012	Additions	Deductions	Reclass/ Transfers	Balance at June 30, 2013
Non-depreciable assets:					
Land	\$ 24,270	\$ -	\$ -	\$ -	\$ 24,270
Construction in Progress	140,552	-	-	(140,552)	-
Total non-depreciable assets	<u>\$ 164,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (140,552)</u>	<u>\$ 24,270</u>
Depreciable assets:					
Dwelling Structures	1,231,458	-	-	140,552	1,372,010
Dwelling Equipment	18,450	-	-	-	18,450
Non-Dwelling Structures	69,070	-	-	-	69,070
Office Equipment	6,776	562	(5,494)	-	1,843
Maintenance Equipment	12,599	-	-	-	12,599
Total depreciable assets	<u>1,338,353</u>	<u>562</u>	<u>(5,494)</u>	<u>140,552</u>	<u>1,473,972</u>
Less: Accum. Depreciation	<u>(1,084,924)</u>	<u>(40,205)</u>	<u>5,494</u>	<u>-</u>	<u>(1,119,635)</u>
Total depreciable assets, net	253,429	(39,643)	-	140,552	354,337
Total Capital Assets, Net	<u><u>\$ 418,251</u></u>	<u><u>\$ (39,643)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 378,607</u></u>

NOTE 4 - BUDGET PROCESS

The PHA prepares budgets for all HUD programs. These budgets are approved by the Board of Commissioners and by HUD. Appropriations for operating funds lapse at the end of the fiscal year. Capital fund budgets carry over until the project is completed.

NOTE 5 - ECONOMIC DEPENDENCY

The Housing Authority receives a significant portion of its revenue from funds provided through federal grants. The grant amounts are appropriated each year at the federal level. If significant budget cuts are made at the federal level, the amount of the funds the Housing Authority receives could be reduced significantly, and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Housing Authority will receive in the next fiscal year.

NOTE 6 - RETIREMENT PLAN

The Housing Authority does not participate in a retirement plan.

HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 - INTERPROGRAM ACCOUNTS

Inter-program receivables and payables arise from Inter-program transactions and are recorded by all programs affected in the period in which transactions are executed. These receivables and payables are eliminated for presentation of the financial statements.

NOTE 8 - FEDERAL GRANTS

In the normal course of operations, the PHA receives grant funds from various governmental agencies. These grant programs are subject to audit by agents of the granting agency. The purpose of which is to ensure compliance with the provisions of the granting agency. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 9 - SUBSEQUENT EVENTS

The PHA did not have any subsequent events through the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2013.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Housing Authority of the City of Commerce
Commerce, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes, the financial statements of the Housing Authority of the City of Commerce, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Commerce's basic financial statements, and have issued our report thereon dated March 13, 2014. The Housing Authority of the City of Commerce has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, except that the Authority did not present the required MD&A.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Commerce's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Commerce's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Commerce's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that

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is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings that we consider to be significant deficiencies. Those deficiencies are listed as Item 13-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Commerce's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards, which is included in the Schedule of Findings as Item 13-02. The results of our tests disclosed no instances of other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kershaw CPA & Associates, P.C.
Kershaw, CPA & Associates, PC

March 13, 2014

HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2013

INTERNAL CONTROL FINDINGS:

Item 13-01: Segregation of Duties

Criteria: The segregation of duties is important to have adequate control over financial assets.

Condition: The Authority has the same employees performing work normally segregated between two or more employees, including receiving funds and posting those funds to the Authority's books.

Cause: The Authority's small size limits the amount of staffing needed to properly segregate accounting functions.

Effect: The lack of segregation of duties could increase the risk that misstatements material to the financial statements could occur and not be detected within a timely manner.

Recommendation: The lack of segregation of duties is a common deficiency in small entities. The governing body should be aware of the increased risk and develop policies and procedures to reduce the effect of the internal control deficiency.

Response: The Board will continue to be actively involved in the operations of the organization. The Authority's small size and limited funding restricts the amount of staff needed for proper segregation.

COMPLIANCE FINDINGS:

Item 13-02: Security Deposit Account

Criteria: A separate federally insured account is to be maintained for tenant security deposits.

Condition: The Authority does not maintain a separate account for tenant security deposits. However, during the previous

HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2013

fiscal year, the Authority began showing a restricted balance equal to the liability in its general ledger.

Effect: There are no restricted funds to sufficiently cover the related liability of \$3,825.

Recommendation: The Authority should maintain a separate restricted account to cover the security deposits.

Response/Corrective Action Plan: The Authority opened a separate account after the fiscal yearend.

**HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013**

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA No.</u>	<u>Agency Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Programs			
Low Rent Public Housing	14.850	OK063	\$ 46,450
Public Housing Capital Fund Program	14.872	OK063	37,142
Total			<u><u>\$ 83,592</u></u>

**HOUSING AUTHORITY OF THE CITY OF COMMERCE
COMMERCE, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the Housing Authority of the City of Commerce, Oklahoma (the "Housing Authority"). The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is present using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

		<u>Federal Sources</u>
General		<u>\$ 83,592</u>
Total		<u><u>\$ 83,592</u></u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

HOUSING AUTHORITY OF THE CITY OF COMMERCE
 COMMERCE, OKLAHOMA
 STATEMENT AND CERTIFICATION OF CAPITAL FUND PROJECT
 JUNE 30, 2013

The 2012 Capital Fund Program was completed during the fiscal year ending June 30, 2013. This program was completed with no budget overruns.

The following is a summary of the Capital Fund Program activity for the fiscal year ending June 30, 2013:

2012 Capital Fund Program

<u>OK56P063501-12</u> <u>Classification</u>	<u>Y-T-D</u>	<u>Project To Date</u>	<u>Budget</u>	<u>Variance</u>
1406 Operations	<u>\$37,142</u>	<u>\$37,142</u>	<u>\$ 37,142</u>	<u>\$ -</u>
Total Capital Grant Cost	<u>\$37,142</u>	<u>\$37,142</u>	<u>\$ 37,142</u>	<u>\$ -</u>
Advances Received	<u>\$37,142</u>	<u>\$37,142</u>		

Financial Data Schedule

Housing Authority of the City of Commerce (OK063)
 COMMERCE, OK
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2013

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$87,424	\$87,424		\$87,424
112 Cash - Restricted - Modernization and Development	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$0		\$0
114 Cash - Tenant Security Deposits	\$3,825	\$3,825		\$3,825
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0		\$0
100 Total Cash	\$91,249	\$91,249		\$91,249
121 Accounts Receivable - PHA Projects	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$5,346	\$5,346		\$5,346
124 Accounts Receivable - Other Government	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$450	\$450		\$450
126.1 Allowance for Doubtful Accounts -Tenants	-\$445	-\$445		-\$445
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,351	\$5,351		\$5,351
131 Investments - Unrestricted	\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$4,171	\$4,171		\$4,171
143 Inventories	\$922	\$922		\$922
143.1 Allowance for Obsolete Inventories	-\$46	-\$46		-\$46
144 Inter Program Due From	\$0	\$0		\$0
145 Assets Held for Sale	\$0	\$0		\$0
150 Total Current Assets	\$101,647	\$101,647		\$101,647
161 Land	\$24,270	\$24,270		\$24,270
162 Buildings	\$1,084,547	\$1,084,547		\$1,084,547
163 Furniture, Equipment & Machinery - Dwellings	\$18,450	\$18,450		\$18,450
164 Furniture, Equipment & Machinery - Administration	\$14,442	\$14,442		\$14,442
165 Leasehold Improvements	\$356,533	\$356,533		\$356,533
166 Accumulated Depreciation	-\$1,119,635	-\$1,119,635		-\$1,119,635
167 Construction in Progress	\$0	\$0		\$0
168 Infrastructure	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$378,607	\$378,607		\$378,607
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0		\$0
174 Other Assets	\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0		\$0
180 Total Non-Current Assets	\$378,607	\$378,607		\$378,607
190 Total Assets	\$480,254	\$480,254		\$480,254

Financial Data Schedule

311 Bank Overdraft	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$836	\$836	\$836
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$960	\$960	\$960
322 Accrued Compensated Absences - Current Portion	\$0	\$0	\$0
324 Accrued Contingency Liability	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$30,788	\$30,788	\$30,788
341 Tenant Security Deposits	\$3,825	\$3,825	\$3,825
342 Deferred Revenues	\$700	\$700	\$700
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0
345 Other Current Liabilities	\$1,447	\$1,447	\$1,447
346 Accrued Liabilities - Other	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$0	\$0
348 Loan Liability - Current	\$0	\$0	\$0
310 Total Current Liabilities	\$38,556	\$38,556	\$38,556
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0	\$0	\$0
355 Loan Liability - Non Current	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$0	\$0	\$0
300 Total Liabilities	\$38,556	\$38,556	\$38,556
508.1 Invested In Capital Assets, Net of Related Debt	\$378,607	\$378,607	\$378,607
511.1 Restricted Net Assets	\$0	\$0	\$0
512.1 Unrestricted Net Assets	\$63,091	\$63,091	\$63,091
513 Total Equity/Net Assets	\$441,698	\$441,698	\$441,698
600 Total Liabilities and Equity/Net Assets	\$480,254	\$480,254	\$480,254

Financial Data Schedule

Housing Authority of the City of Commerce (OK063)
COMMERCE, OK

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2013

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$63,100	\$63,100		\$63,100
70400 Tenant Revenue - Other	\$905	\$905		\$905
70500 Total Tenant Revenue	\$64,005	\$64,005	\$0	\$64,005
70600 HUD PHA Operating Grants	\$83,592	\$83,592		\$83,592
70610 Capital Grants	\$0	\$0		\$0
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$108	\$108		\$108
71200 Mortgage Interest Income	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0		\$0
71500 Other Revenue	\$5,912	\$5,912		\$5,912
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0		\$0
70000 Total Revenue	\$153,617	\$153,617	\$0	\$153,617
91100 Administrative Salaries	\$28,236	\$28,236		\$28,236
91200 Auditing Fees	\$7,300	\$7,300		\$7,300
91300 Management Fee	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0		\$0
91400 Advertising and Marketing	\$137	\$137		\$137
91500 Employee Benefit contributions - Administrative	\$2,166	\$2,166		\$2,166
91600 Office Expenses	\$4,934	\$4,934		\$4,934
91700 Legal Expense	\$0	\$0		\$0
91800 Travel	\$1,173	\$1,173		\$1,173
91810 Allocated Overhead	\$0	\$0		\$0
91900 Other	\$7,532	\$7,532		\$7,532
91000 Total Operating - Administrative	\$51,478	\$51,478	\$0	\$51,478
92000 Asset Management Fee	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0		\$0
92200 Relocation Costs	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0		\$0
92400 Tenant Services - Other	\$0	\$0		\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0

Financial Data Schedule

93100 Water	\$4,223	\$4,223		\$4,223
93200 Electricity	\$3,164	\$3,164		\$3,164
93300 Gas	\$1,208	\$1,208		\$1,208
93400 Fuel	\$0	\$0		\$0
93500 Labor	\$0	\$0		\$0
93600 Sewer	\$1,717	\$1,717		\$1,717
93700 Employee Benefit Contributions - Utilities	\$0	\$0		\$0
93800 Other Utilities Expense	\$0	\$0		\$0
93000 Total Utilities	\$10,312	\$10,312	\$0	\$10,312
94100 Ordinary Maintenance and Operations - Labor	\$12,240	\$12,240		\$12,240
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,574	\$6,574		\$6,574
94300 Ordinary Maintenance and Operations Contracts	\$19,678	\$19,678		\$19,678
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,323	\$1,323		\$1,323
94000 Total Maintenance	\$39,815	\$39,815	\$0	\$39,815
95100 Protective Services - Labor	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$0	\$0		\$0
95300 Protective Services - Other	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$11,865	\$11,865		\$11,865
96120 Liability Insurance	\$1,028	\$1,028		\$1,028
96130 Workmen's Compensation	\$1,538	\$1,538		\$1,538
96140 All Other Insurance	\$229	\$229		\$229
96100 Total insurance Premiums	\$14,660	\$14,660	\$0	\$14,660
96200 Other General Expenses	\$155	\$155		\$155
96210 Compensated Absences	\$0	\$0		\$0
96300 Payments in Lieu of Taxes	\$5,279	\$5,279		\$5,279
96400 Bad debt - Tenant Rents	\$4,690	\$4,690		\$4,690
96500 Bad debt - Mortgages	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0		\$0
96000 Total Other General Expenses	\$10,124	\$10,124	\$0	\$10,124
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$126,389	\$126,389	\$0	\$126,389
97000 Excess of Operating Revenue over Operating Expenses	\$27,228	\$27,228	\$0	\$27,228
97100 Extraordinary Maintenance	\$1,169	\$1,169		\$1,169
97200 Casualty Losses - Non-capitalized	\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$0		\$0
97350 HAP Portability-In	\$0	\$0		\$0
97400 Depreciation Expense	\$40,205	\$40,205		\$40,205
97500 Fraud Losses	\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense	\$0	\$0		\$0
90000 Total Expenses	\$167,763	\$167,763	\$0	\$167,763

Financial Data Schedule

10010 Operating Transfer In	\$37,142	\$37,142	-\$37,142	\$0
10020 Operating transfer Out	-\$37,142	-\$37,142	\$37,142	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$14,146	-\$14,146	\$0	-\$14,146
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$455,844	\$455,844		\$455,844
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	408	408		408
11210 Number of Unit Months Leased	405	405		405
11270 Excess Cash	\$47,512	\$47,512		\$47,512
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0